

FISCAL NOTE

Bill #: HB0489

Title: Enhance ethanol education

Primary Sponsor: Gallik, D

Status: As Introduced

Sponsor signature

Date

David Ewer, Budget Director

Date

Fiscal Summary

	<u>FY 2006 Difference</u>	<u>FY 2007 Difference</u>
Expenditures:		
State Special Revenue	\$244,237	\$191,216
Revenue:		
State Special Revenue	\$0	\$150,000
Net Impact on General Fund Balance:	\$0	\$0

- | | |
|---|--|
| <input type="checkbox"/> Significant Local Gov. Impact | <input checked="" type="checkbox"/> Technical Concerns |
| <input type="checkbox"/> Included in the Executive Budget | <input type="checkbox"/> Significant Long-Term Impacts |
| <input type="checkbox"/> Dedicated Revenue Form Attached | <input type="checkbox"/> Needs to be included in HB 2 |

Fiscal Analysis

ASSUMPTIONS:

Department of Transportation

1. The money used by the ethanol education board will come from the special highway restricted account, under 15-70-522, MCA. Money will be paid to the board regardless if there is or is not an ethanol plant in production.
2. HB 489 establishes an ethanol education board made up of seven members appointed by the Governor. The board is administratively attached to the Department of Transportation. The board's duties are to educate Montanans about the benefits, effects, and uses of ethanol and other bio-fuels as renewable alternative fuels to replace traditional fossil fuels.
3. The funding outlined in the bill designates up to \$250,000 a year for four years starting in FY 2006 through FY 2009 for the board. When an applicant claims alcohol tax incentive payments the funding is reduced to \$200,000 a year and when more than one applicant claims alcohol tax incentive payments the funding is reduced to \$150,000. There is no funding of the board past June 30, 2009.
4. The alcohol tax incentive payments to ethanol producers will be reduced by the amount of funding provided to the ethanol education board up to \$250,000 a year. Regardless of the amount of incentive payments the department made the ethanol education board would be funded between \$150,000 and \$250,000. The exact amount would depend on the number of ethanol producers. The best estimates are provided in the fiscal impact section.

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(continued)

5. There will be an ethanol plant in production at the end of FY 2006 and two in production in FY 2007. For this reason, ethanol tax incentive payments will be reduced by \$150,000. This reduction can be shown in the revenue area of the fiscal impact section.
6. A full time FTE will be required for the board to: 1) educate the public about renewable alternative fuels by holding seminars and workshops around Montana, 2) promote economic development for Montana by using alternative fuels, 3) hold an annual conference and workshops on the progress, benefits, and status of the production and use of ethanol and bio-fuels, 4) put together lesson plans for the office of public instruction to be put into students' curriculum, and 5) coordinate the board's activities.

FISCAL IMPACT:

	FY 2006 <u>Difference</u>	FY 2007 <u>Difference</u>
FTE	1.00	1.00
<u>Expenditures:</u>		
Personal Services	\$41,216	\$41,216
Operating Expenses	<u>203,021</u>	<u>150,000</u>
TOTAL	\$244,237	\$191,216
<u>Funding of Expenditures:</u>		
State Special Revenue (02)	\$244,237	\$191,216
<u>Revenues:</u>		
State Special Revenue (02)	\$0	\$150,000
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>		
State Special Revenue (02)	(\$244,237)	(\$41,216)

TECHNICAL NOTES:

1. The bill refers to funding source as from "the \$6 million of general fund money" (page 2, line 25). This is an error since the money that funds the alcohol tax incentive program under 15-70-522, MCA, is from the state special highway restricted account. The fiscal note assumes that the money comes from the special highway restricted account and not the general fund.
2. After June 30, 2009, there is no more funding for the board, but the board still exists.
3. If two ethanol plants begin production in the middle of the year, the amount funding the ethanol education changes. At the beginning of the fiscal year, the board would be funded for \$250,000 since there were no ethanol plants in production. However, after two plants are in production the funding for the board is reduced to \$150,000. The bill does not address what happens in such a case.